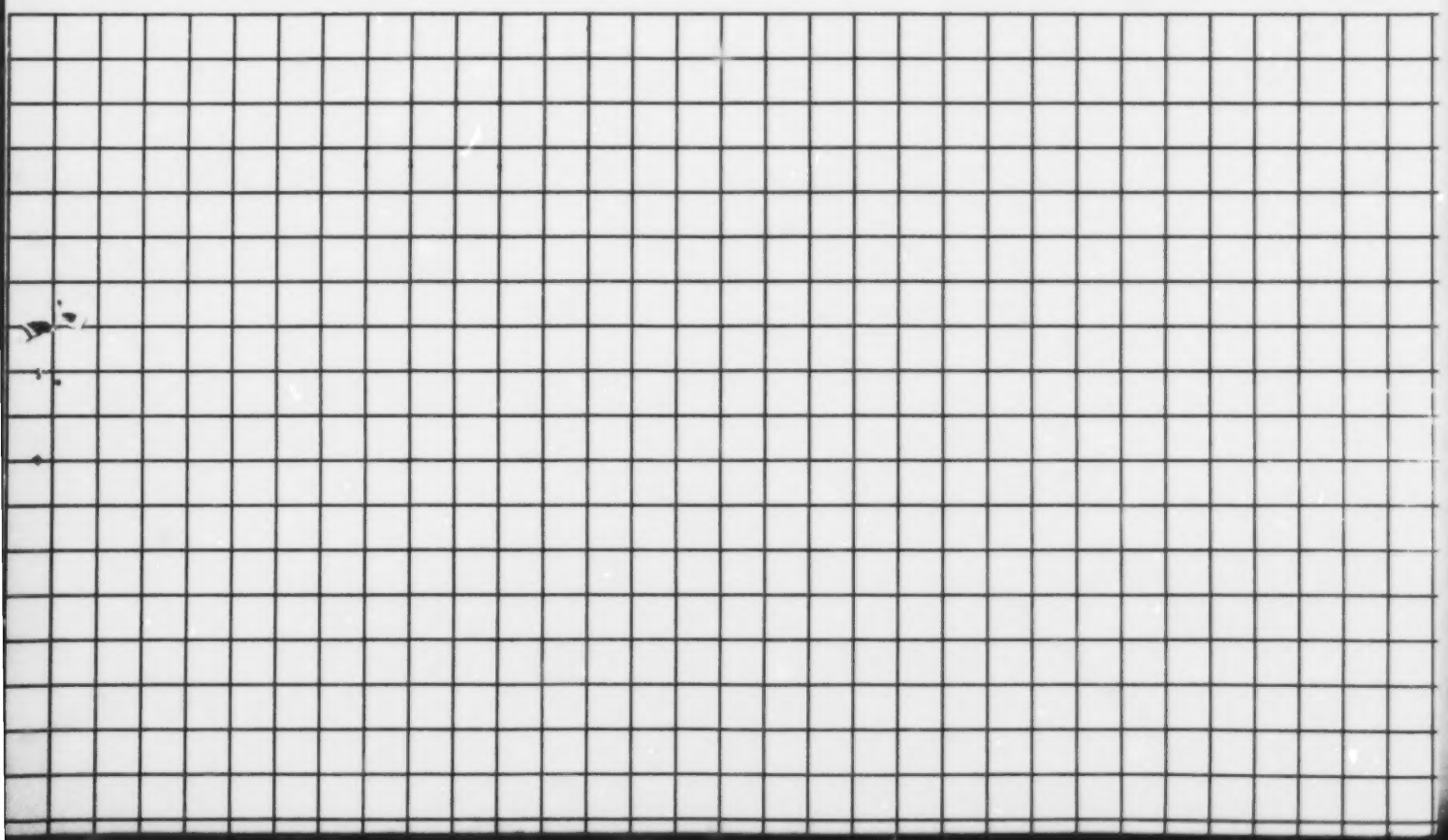
A proposal for an all-Canadian News Channel by the Canadian Broadcasting Corporation



Canadian Broadcasting Corporation
Société Radio-Canada

P.O. Box 8478
Ottawa, Ontario
K1G 3J5

April 30, 1987

Mr. Fernand Bélisle
Secretary General
Canadian Radio-Television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mr. Bélisle:

Re: Public Notice 1986-199 of 13 August 1986: Call for applications for new Canadian specialty television services

The Canadian Broadcasting Corporation welcomes the Commission's recent call for applications to provide Canadian audiences with a variety of new Canadian specialty television services.

In response, CBC is submitting the attached application for a network license for a CBC owned-and-operated, 24-hour-a-day English-language national news and information service.

We look forward to the opportunity to describe our proposal and the benefits it will bring to Canadian audiences and the Canadian broadcasting system, during the Commission's public hearing of this and other proposals made in response to its call for applications.

Sincerely,

Gordon Noble
Director of Corporate Affairs

Before the Canadian Radio-Television
and Telecommunications Commission

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1.0 INTRODUCTION

> "Here is an agency which may be the final means of giving Canada a national opinion, of providing a basis for public thought on a national basis, such as provincial school systems, local newspapers, theatres, motion pictures... have yet to give us."
>
> Graham Spry
> Canadian Forum
> April 1931, p. 246-9

It is now some fifty-five years since Graham Spry identified the crucial importance of broadcasting to Canadian unity and our cultural identity. And yet, though more than half a century has passed and the single radio service of the 1930's has become the dazzling plethora of broadcast choices available today, delivered by a variety of technologies undreamed of when Spry made his observation, his focus and concern remains as true today as it was when he made it.

Yesterday's concern with national unity and national culture is today's concern with cultural sovereignty. Now however, as Canadian broadcasting enters its sixth decade, the necessity of assuring our cultural sovereignty is more pressing than at any time in our past.

. We know that most of the average Canadian's leisure time today is spent watching television.

. We know that much of the viewing choice available to that average Canadian is foreign -- largely American -- material delivered to households however remote by our own stations or by cable systems or satellite services which know no national or cultural boundaries.

Today we are seeing the impact this largely one-way, cross-border flow of programming has had on the first generation to grow up with television, on their perception of themselves, and their place in the world as Canadians.

Successive Broadcasting Acts have attempted to redress this imbalance: rules have been established about the ownership and control of Canadian broadcasting undertakings; other rules have established minimum requirements for the amount of Canadian programs to be provided by those services. In recent years, increased federal funding has become part of the attempt to assure Canadian voices a place in the Canadian broadcasting system. Indeed, between the Broadcast Fund and other efforts by the Federal Government to increase the volume of Canadian entertainment programming available to Canadian television viewers, there is at least some progress being made to tell Canadians more about themselves through song and story, and in providing opportunities for work, growth and development to our artists, technicians and producers.

Meanwhile, however, another more serious threat is beginning to emerge. This time, the danger is to our "information sovereignty".

Until recently, our concerns were almost exclusively focused on entertainment programming and our inability to produce a sufficient volume of Canadian drama programs attractive to national audiences. We had fewer such concerns about information programming.

The quality of Canadian television information programming in recent years has been among the best of its kind in the world, often setting trends and standards which have been imitated elsewhere. This quality has been reflected in the audiences these programs draw - the majority of the most successful continuing Canadian-produced programs have been news and information programs. However, the advent of new technologies, revised regulatory measures, the expansion of cable services, and other societal changes, have brought with them a number of new developments which, when taken together, suggest that even our "information sovereignty" may now be at risk.

At the most fundamental level, Canadian networks, with limited resources for foreign bureaus and international coverage, must already rely heavily on U.S. networks for much of their foreign coverage. Further, the existence of simultaneous substitution cable rules makes it irresistibly attractive for Canadian networks and stations to acquire and schedule not only U.S. entertainment programs but also U.S. news magazine programs such as the highly popular "60 Minutes".

Patterns of television viewing are changing. Television is now the most popular and influential source both for entertainment and for information programming. Some 60

percent of Canadians now say that they use television as their principal source of information. It is no longer sufficient to provide major news bulletins two or three times a day as television has done in the past. Technology has changed viewers' expectations. Television must now respond by providing a new level of immediacy to meet viewers' information demands.

The Americans were first to recognize this trend and cater to the demand. By taking advantage of satellite technology, entrepreneur Ted Turner was able to develop and launch the Cable News Network (CNN) -- a 24-hour news service. Today CNN and its related service, Headline News, provide the only round-the-clock television news service available to Canadian audiences.

Meanwhile, Canadian television networks and stations are only able to deliver the latest news and information a few times a day. Even those times become far from certain since the scheduling of special programs and a host of live sports and other events often take precedence.

CTV's CANADA A.M. is there in the mornings. It gives us an idea of how a Canadian information service on television might look, at least in studio format. However, it is inevitably very much of a Central Canada event, not starting until 8:00 a.m. Atlantic time, and put to bed, except for local news updates, before Alberta and British Columbia are even awake.

CBC's MIDDAY, with a different format for a different time of day, offers a longer newscast and brings in material from all

parts of the country, which a continuous Canadian information service should do. But it is only there for an hour a day and, like CANADA A.M., it is broadcast at a time when comparatively few Canadians are available to watch television.

In fact, the only regular network news and information package scheduled in the primest of viewing time is CBC's THE NATIONAL JOURNAL. Even it is rescheduled or delayed by sports or other programming as often as 60 times a year.

The crux of the situation then is fourfold:

. The changing nature of society and the role television is playing in society now suggests that Canadian television audiences have greater information needs and expectations than ever before;

. Existing Canadian services do not, and can not, satisfactorily address either the quantity or the scheduling of that desired information programming;

. A non-Canadian service, set up to supplement and enhance the information programming of another nation is, in the absence of a Canadian alternative, also being distributed widely in Canada.

. As was the case with entertainment programming, and in the absence of a strong and viable Canadian alternative, Canadian audiences may again come to rely increasingly on foreign services to shape their perceptions and views of

the world. If this happens, Canadian audiences will have lost, virtually by default, their ability to maintain their information sovereignty.

CBC's Solution

How do we solve this dilemma?

In CBC's view, now is the time to establish an all-Canadian continuous news and information channel. It would be on-air 24 hours a day, not just because that is what is expected of a continuous service but because by the time it is past midnight in Tofino or Prince George it is already coming up to six o'clock in the morning in Harbour Grace. This country is so big that at least one part of it is always awake.

Canada, and the world as it affects Canadians and is seen by them, would be right there on display, 24 hours a day, every day.

This Application describes in detail CBC's proposal to operate this service. It is consistent with the recommendation of the recent Federal Task Force on Broadcasting Policy. Further, it reflects the method of financing proposed by the Task Force, with revenue achieved from both advertising and a nominal "pass-through" charge to cable subscribers commencing at 25 cents per month. CBC's proposal requires that the service will be distributed to all systems in the country which serve a significant number of English-language households, and that it be positioned, wherever possible, on the basic service channels 2 to 13.

The Corporation proposes to launch the service eight to ten months after the Commission's approval is made known.

Our operating model ensures that cable companies will be able to deliver subscriber revenues to the Corporation from the moment the service is launched. It also maintains a steady monthly cash-flow sufficient to meet the operational requirements of the service. Consequently, the Corporation will neither have to draw on the operating funds of any of its other services, nor in any way divert the base funding provided to it by Parliamentary allocation in order to provide this new service. The news and information service will operate on a self-sustaining basis.

WHY THE CBC?

The Broadcasting Act of 1968, from which the Corporation draws both its mandate and its inspiration, establishes a broad policy framework for all elements of the Canadian broadcasting system generally. In addition, and in order to ensure that the fundamental broadcasting needs of Canadians are fully met through the national broadcasting service, Section 3(g) of the Act also provides a far more specific direction for the Canadian Broadcasting Corporation than is provided for other broadcasters. On this basis, the Corporation is expected to:

> "...be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in

> fair proportion...extended to all parts of Canada as public funds become available... serving the special needs of geographic regions and actively contributing to the flow and exchange of cultural and regional information and entertainment and contribute to the development of national unity and provide for a continuing expression of Canadian identity...."

The Fowler Committee Report of 1965, which provided the fundamental framework of the 1968 Act, was particularly specific in its description of the news and information role to be assumed by the CBC:

> "...the CBC should provide a complete and balanced service of information... including a high content of regional, national, and international news; of comment and discussion on current affairs; and of factual and interpretative reports from the different and widely dispersed regions of Canada to increase mutual understanding and promote national unity...."

Full realization of Fowler's recommendations was impossible in 1965 because of the limits of available technology: the country was not even fully linked from sea to sea by the land-line distribution system which was then the only means of extending broadcasting service. Satellite distribution was only at the conceptual stage; and cable television was still in its infancy.

Today, the undreamed of technological advancements achieved since 1965 make it truly possible for the Corporation to realize the goals and objectives spelled out so clearly by Fowler.

The recent Report of the Task Force on Broadcasting Policy described Canadians as "insatiable consumers of Canadian news programming." It went on to recommend: "CBC should seek from the CRTC a licence to operate an all-news information channel, to be delivered by satellite to basic cable subscribers, and financed by both advertising revenue and a small pass-through fee to subscribers. This service should be operated by the CBC as a self-sustaining enterprise".

The Corporation is in full agreement with this recommendation.

No other organization is capable of providing as Canadian and as comprehensive a news service at as little extra cost.

On any given day CBC bureaus in every province and territory are working to reflect the events that are important to the people all across this country.

Internationally, CBC's English Television News and Current Affairs Department has a total of six correspondents who are based in Washington, London, Paris, Moscow, Beijing and the Middle East. As the News Channel develops and revenues become available, it is CBC's intention to establish correspondents in Latin America, Southern Africa and on the Pacific Rim.

Because of the range and scope of CBC's news and current affairs service and the reliability and quality of its program output, it is well known that at times of national or international crisis Canadian audiences turn to CBC. It is our intention that the new service will be of a similar standard with the added benefit of being available. We believe that provision of this service by the Corporation is clearly in the public interest, and is fully in line with Section 3(h) of the Act. Consequently, we believe that the Corporation should be given the responsibility for providing Canadian audiences with this important new broadcasting service.

It isn't sufficient, however, merely to want to provide such a service, it is also necessary to bring to it the resources and competence which adequately address the needs of Canadian audiences.

An all-news and information service takes more than the acquisition of satellite channels, or the capital expenditure involved in the building and equipping of studios, and control systems, the purchase of cameras, tape machines, editing gear, electronic graphics equipment, office space, desks and chairs. It is more than the need, in such a demanding operation, for development of an effective computerized newsroom system to handle the huge volume of incoming information, to keep track of stories and tapes and to turn out the copy and the lineups. It operates beyond the commitments and expenditures that must be made on bureaus across the country and around the world.

At its heart, it is a core staff of managers and senior journalists who have real and substantial experience, knowledge of vital journalistic policies and understanding of the necessity for constant vigilance to maintain fairness, accuracy and balance. It is people who understand the issues and who have enough experience to respond to any situation without sacrificing journalistic principles and standards. Without these key people, it would not possible to successfully take on and train the rest of the staff who will be needed to make a new enterprise of this scope work.

CBC already has those people. The quality, capability and dedication they now bring to their work is attested to by the audience that regularly watches news and public affairs programming like THE NATIONAL-JOURNAL, MAN ALIVE, the fifth estate, MARKET PLACE, SUNDAY REPORT, VENTURE, and CBC's live news specials.

The further huge advantage of a Canadian service of this kind being provided by CBC is that it will be truly Canadian.

Only CBC has the base of human and other resources capable of providing Canadians with a truly world-class journalistic enterprise which reflects their interests and concerns.

Only CBC can promise the Commission that the quandry of public re-investment versus private profitability will always be resolved in favour of Canadian programming and the Canadian public interest.

2.0 THE PROGRAMMING OF THE SERVICE

2.1 An Enhanced Voice for the Regions of Canada

The CBC, as a national network, and through its regional stations, already generates a significant amount of the material which an all Canadian news and information service would require.

CBC Television produces 15 supper-hour information programs every weekday of the year. Many stations also produce news inserts for MIDDAY, as well as late-night news, weather and sports material. While ten or fifteen minutes of the daily output of each station may be national or international news provided by the CBC's national news service, what remains is an enormous volume of more local and regional material produced under the same journalistic policies and to the same high standards of quality as CBC national services. Yet most of it, because of the limited availability of air time, is never seen outside of the region in which it was produced.

Beyond the news area, CBC regions now produce programs of real interest and value to their immediate audience in fields such as current affairs, agriculture and resources, the arts, medicine, business and popular entertainment. Again, many of these programs are now not seen nationally. CBC believes that much of this program material deserves a broader national audience and sees this new service as a means by which it can be seen by Canadians all across the country.

To make the 24-hour concept work, we plan to build upon this foundation, to enhance or extend coverage where required and to create and staff the substantial machine necessary to turn out the service on a continuous basis all-day, every-day.

The importance of regional programming to Canadian audiences extends well beyond each region itself. The Maritimer who has moved west or the Albertan who is now working on oil rigs off the east coast, still wants to hear the news from "back home". CBC's 24 hour news and information service will make it possible for them to see "back home" newscasts on a regular basis.

2.2 Program Content of Substance and Depth

Before providing greater detail on the proposed programming service, a few general points are worth noting:

First, CBC proposes that the news and information channel will be a commercial undertaking, carrying a maximum of eight commercial minutes per hour. In some of the illustrations which follow, particularly those where the program period is 60 minutes in length or less, the commercial slots are indicated. In longer cycles, while commercial slots are not actually shown, their presence should be assumed.

Secondly, there are events of interest and importance happening across this country on an almost daily basis. Some, such as major Parliamentary and Legislative debates, committee hearings, judicial inquiries, conferences, etc., are known in advance and can be planned for. At other times it may be breaking news, a tragedy or a story with a happy ending. In any of these instances, CBC News can be there to make the story available not just on the CBC station nearby but, simultaneously -- instantly -- on the continuous information service to a whole new national audience.

Finally, it is important that we be realistic about the process of building the proposed service. We expect that a number of its most important and valuable features will be present from day one, but that in order to ensure that it is no drain on existing services, some time will be required before the entire news and information service reaches maturity.

If it can be done more quickly we will do it, but our expectation is that the comprehensive service outlined here will be fully implemented only by the end of the second or perhaps even the third year of operation, when anticipated revenues will fully support its cost. In the intervening period the service will necessarily be geared to the level of projected revenues over that time.

This means that while coverage of live events across the country and the provision of up-to-the-minute news, especially at high-demand times of the day, will be features of the new service from the very beginning, not all of the original production will be in place. However, because of CBC's existing Canadian news and information output -- both network and regional -- it is intended even during the early days of the new service, when revenues are just beginning to flow, that the service will contain a great deal of quality Canadian material.

When considering the programming to be offered by the service, special consideration has been given to CBC's affiliates. In designing the program schedule, care has been taken to avoid pre-release of any whole programs also available to the affiliates. Furthermore, we anticipate that the all-news channel will serve as an expanded news syndication service, which will, of course, be available to CBC affiliated stations. Finally, we are aware that any new specialty service, regardless of the type or the originator, will have some impact on broadcasters such as the CBC affiliates. Thus CBC has, in addition, tried to provide a general level of stability and profitability to its affiliates through a new payment formula.

The Corporation's news and public affairs staff have given considerable thought to the nature and the ultimate form of the programming to be offered by the news channel. This is reflected in the proposed program schedule and the detailed description of each of the programs in that schedule which follows.

2.2 (i) The Proposed 24-Hour Weekday Schedule

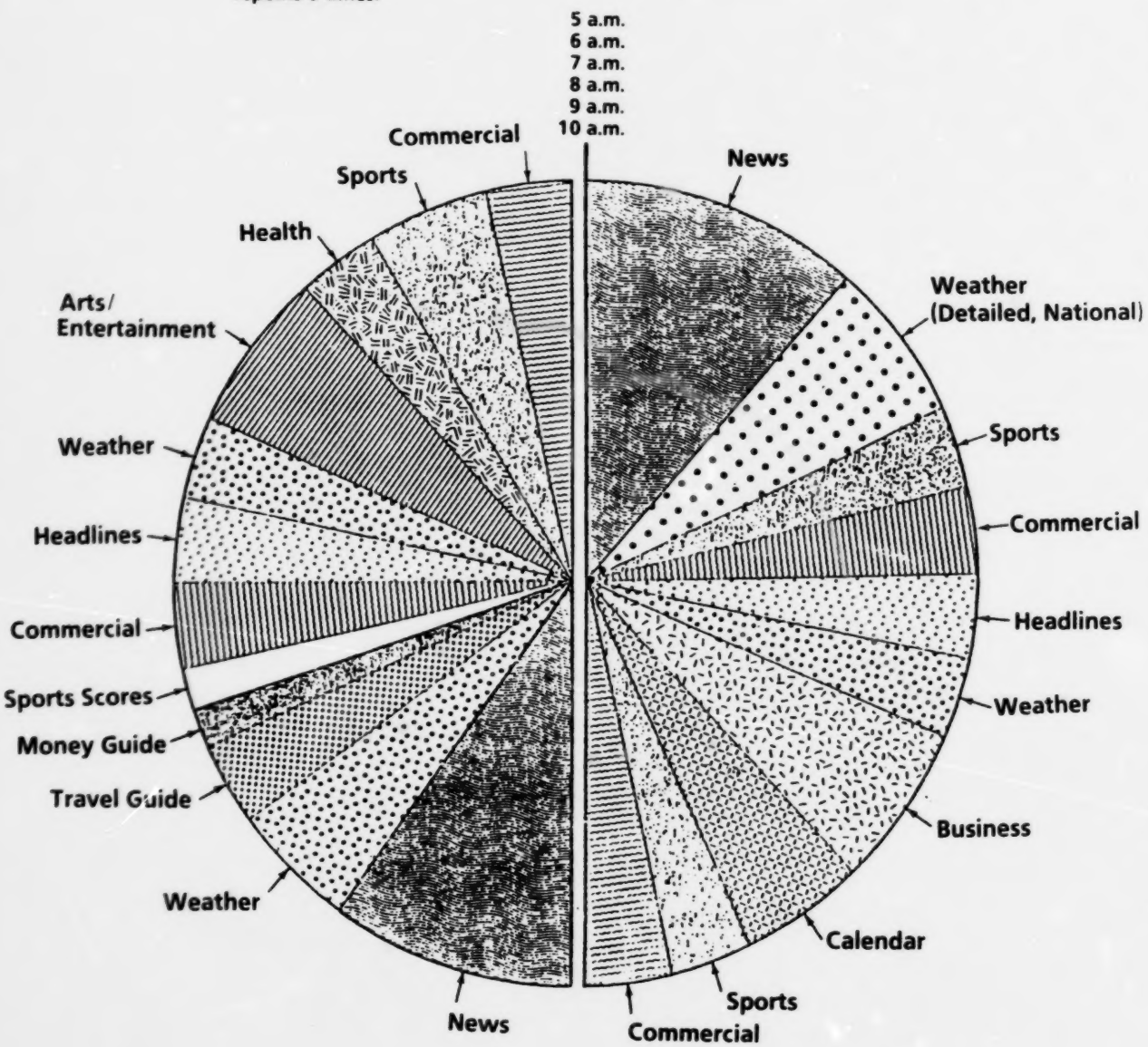
5:00 a.m. to 11:00 a.m.	DAYBREAK
11:000 a.m. to 12:00 p.m.	LOOKING AT YOU
12:00 p.m. to 1:00 p.m.	JUST LOOK
1:00 p.m. to 2:00 p.m.	KEEPING UP
2:00 p.m. to 3:00 p.m.	HOMETIME
3:00 p.m. to 5:00 p.m.	DOCUMENT followed by OPEN LINE
5:00 p.m. to 6:00 p.m.	EVENING HEADLINES (2 cycles)
6:00 p.m. to 11:00 p.m.	THIS COUNTRY IN THE EVENING
11:00 p.m. to 12:00 a.m.	TELEJOURNAL & LE POINT (repeated with English subtitles, from Radio Canada)
12:00 a.m. to 2:00 a.m.	DOCUMENT followed by OPEN LINE (repeat from 3:00 p.m.)
2:00 a.m. to 3:00 a.m.	THE NATIONAL AND JOURNAL (repeated from the English Television Network)
3:00 a.m. to 4:00 a.m.	LOOKING AT YOU (repeat with news, weather updated)
4:00 a.m. to 5:00 a.m.	JUST LOOK (repeat with news, weather updated)

* A WEEKEND schedule is described elsewhere in this application.

DAYBREAK — 5:00 a.m. to 11:00 a.m.

A one-hour cycle made up of News, Weather, Sports, Business, Calendar, Travel Guide, Money Guide, Arts/Entertainment and Health

This one-hour cycle repeats 6 times.



2.2 (ii) A Detailed Description of the Proposed Programming

Monday - Friday Schedule

DAYBREAK - 5:00 a.m. to 11:00 a.m.

DAYBREAK is a six-hour block, fulll of hard news and information. Viewers will never be more than 15 minutes away from headlines or the latest information about the weather.

Also included, at frequent intervals, are last night's sports scores and up-to-the-minute business news, with the morning's openings around the world, as well as last night's closing markets in North America.

Special features will be provided in addition to the hard centre of news, weather, sports and business. Consumer tips, arts and entertainment news, developments in medicine and science, information for people planning trips, and a calendar indicating what will be happening later in the day, week or month, will all be provided for early-morning viewers.

DAYBREAK is designed as a 'drop-in' service. But it will not ignore the natural imperatives of maintaining ratings for fifteen-minute periods, or of attracting an audience with some of the right demographics for advertisers. Thus, the schedule divides into ¼-hour blocks, with no major repetition of information within an hourly cycle.

The news portions will be gathered primarily from CBC reporters; some overnight and early morning foreign services will also be incorporated. All news programming will be prepared by CBC news personnel. An additional feature, should it come into existence as planned, is the BBC World Service which is expected to be approximately 30 minutes in length. The CBC's proposed newschannel would incorporate this feature in the bottom half of the 3:00 a.m., 5:00 a.m. and 7:00 a.m. hours.

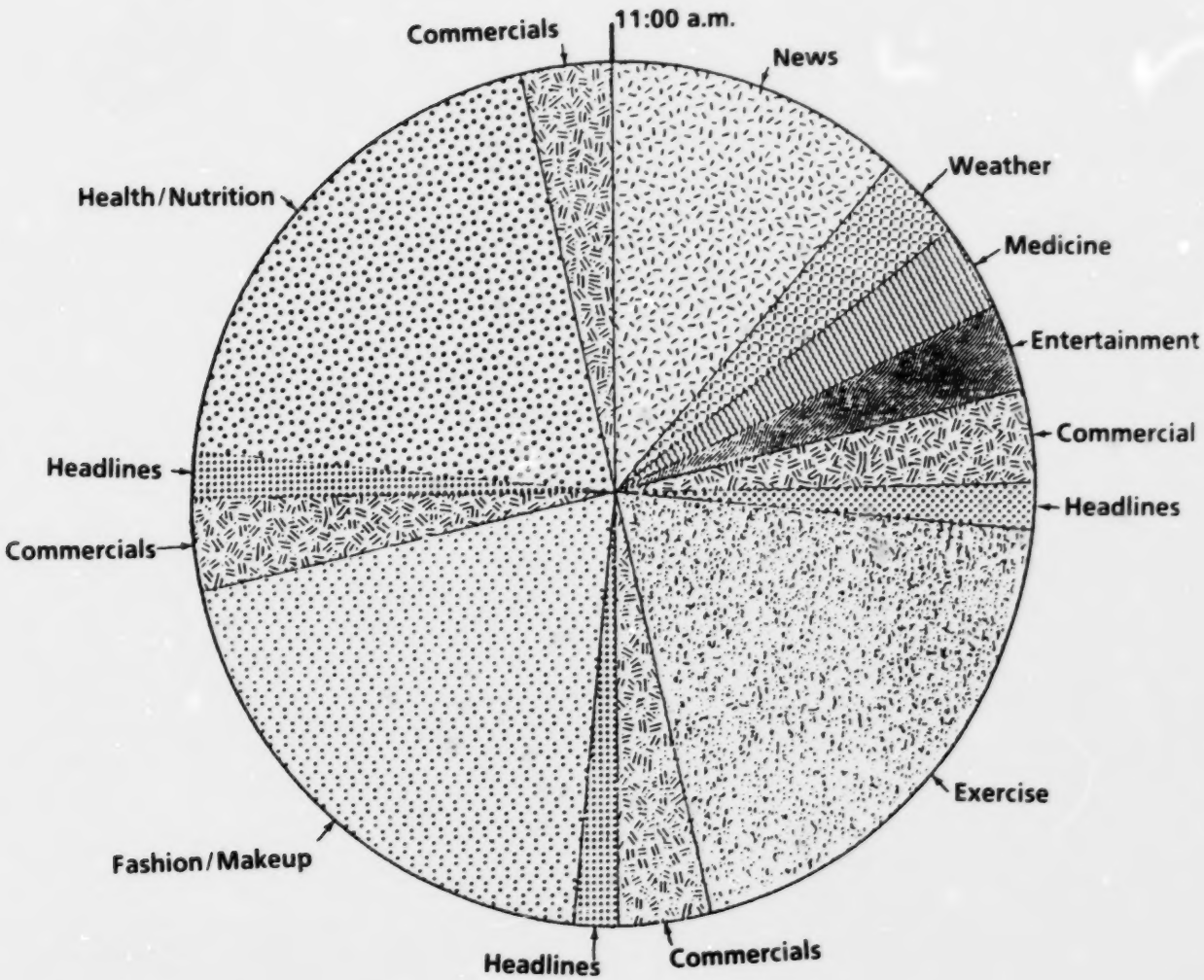
Sports highlights will come from the regions, as well as from foreign services. In DAYBREAK sports segments will primarily be a quick run-through of scores and standings, as many sports buffs will have seen the full highlights packages the night before.

For the weather, CBC will provide the most advanced national weather satellite pictures, using computer-enhanced technology to provide clear and comprehensive weather information.

Other regularly-featured services, such as business reports, arts and entertainment, health, money and travel reports, may come from a variety of sources including existing network program units, and from CBC regional stations and possibly from independent production sources.

LOOKING AT YOU — 11:00 a.m. to noon

A one-hour program



LOOKING AT YOU - 11:00 a.m. to 12:00 p.m.

After the eleven o'clock newscast, and capsule reports on medicine, entertainment and the weather, there will be an exercise program. Short physical workouts on television have proven attractive to audiences.

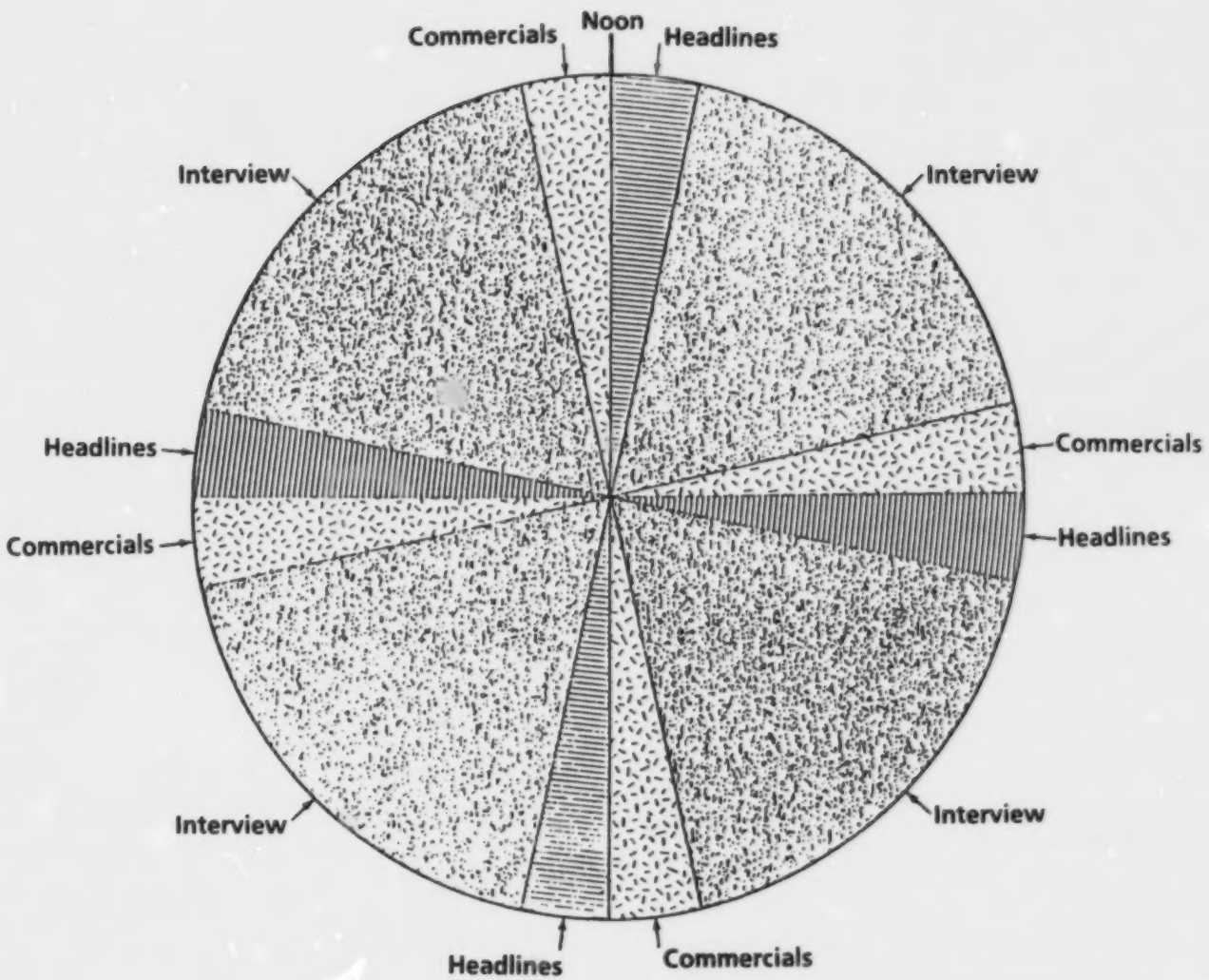
Headlines will follow, with a brief daily feature on such things as fashion and makeup. This segment will be made up of videotape clips and studio interviews, much of it drawn from local CBC stations which frequently cover fashion shows and the latest developments in related fields.

The program continues with a segment on health and nutrition following another round of headlines. CBC already has a number of medical 'columnists' who appear frequently on regional supper-hour shows. These items or similar ones would be scheduled here, supplemented or complemented where possible with other recently gathered news items and short interviews on health issues.

Thus, during the hour from 11:00 to 12:00, the channel will provide a complete kit of information to the viewer, dealing with health and other similar concerns in a bright and newsy manner.

JUST LOOK — 12:00 p.m. to 1:00 p.m.

A one-hour program
made-up of
News Headlines and
Interviews

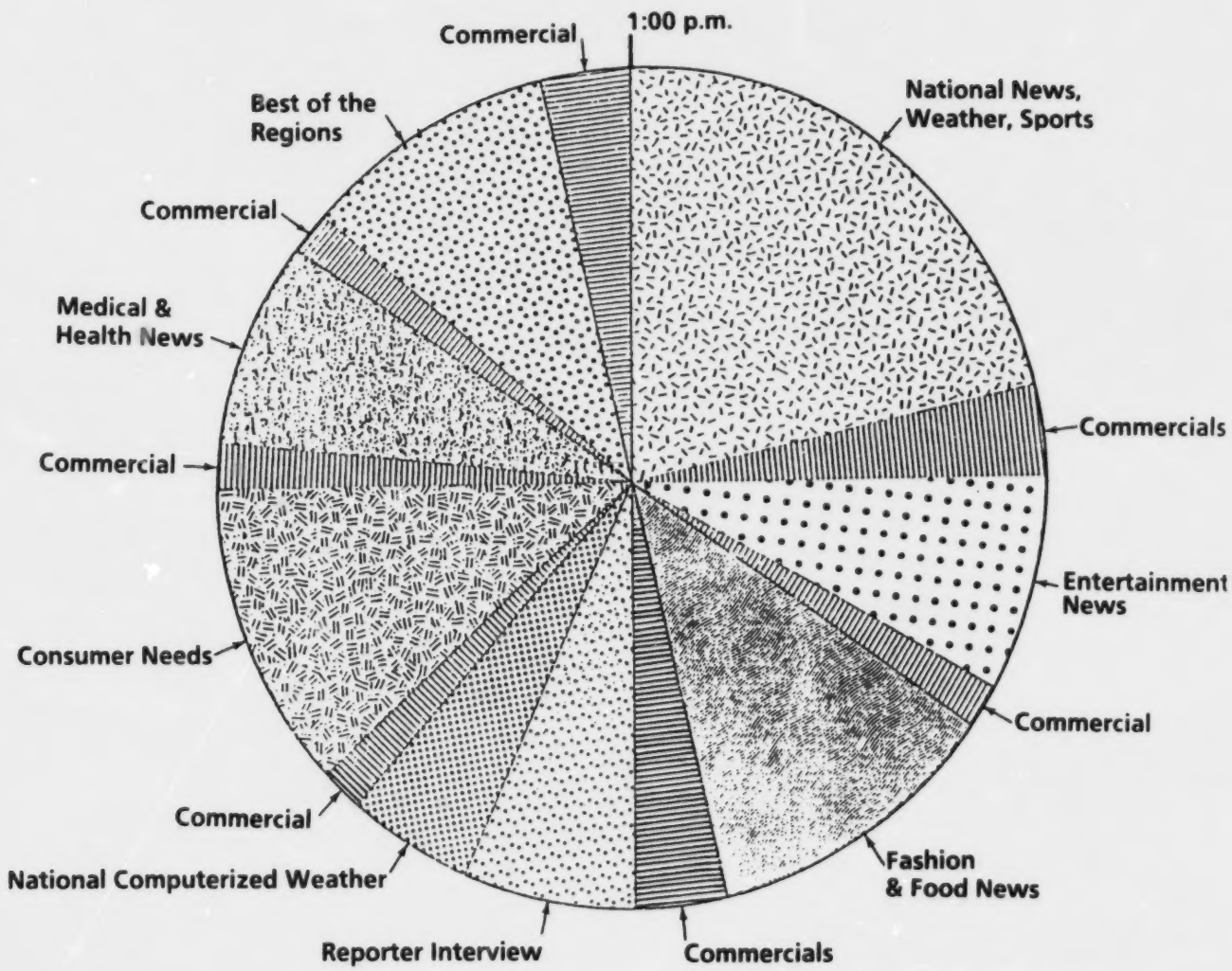


JUST LOOK - 12:00 p.m. to 1:00 p.m.

The afternoon schedule on the news and information network will offer an alternative to the soap operas. From 12:00 to 1:00 p.m., interrupted by headlines from the news studio on the quarter-hour, an easy-going interview format will be followed, with newsmakers being interviewed. These interviews will be introduced and coupled with video clips explaining the story. JUST LOOK will give the audience a chance to meet the figures behind the news in a format more revealing than the fifteen-second soundbites usually allowed on news programs. Newsmakers from all fields will be interviewed, including politicians, doctors, lawyers, union leaders, business people, consumer activists -- the only pre-requisite being that the interviewees must be truly interesting people, currently in the news, or significant in their fields.

KEEPING UP — 1:00 p.m. to 2:00 p.m.

A one-hour cycle made up of News, Entertainment News, Fashion & Food News, Interviews, Weather, Consumer Tips, Medical and Health News and Best of the Regions



KEEPING UP - 1:00 p.m. to 2:00 p.m.

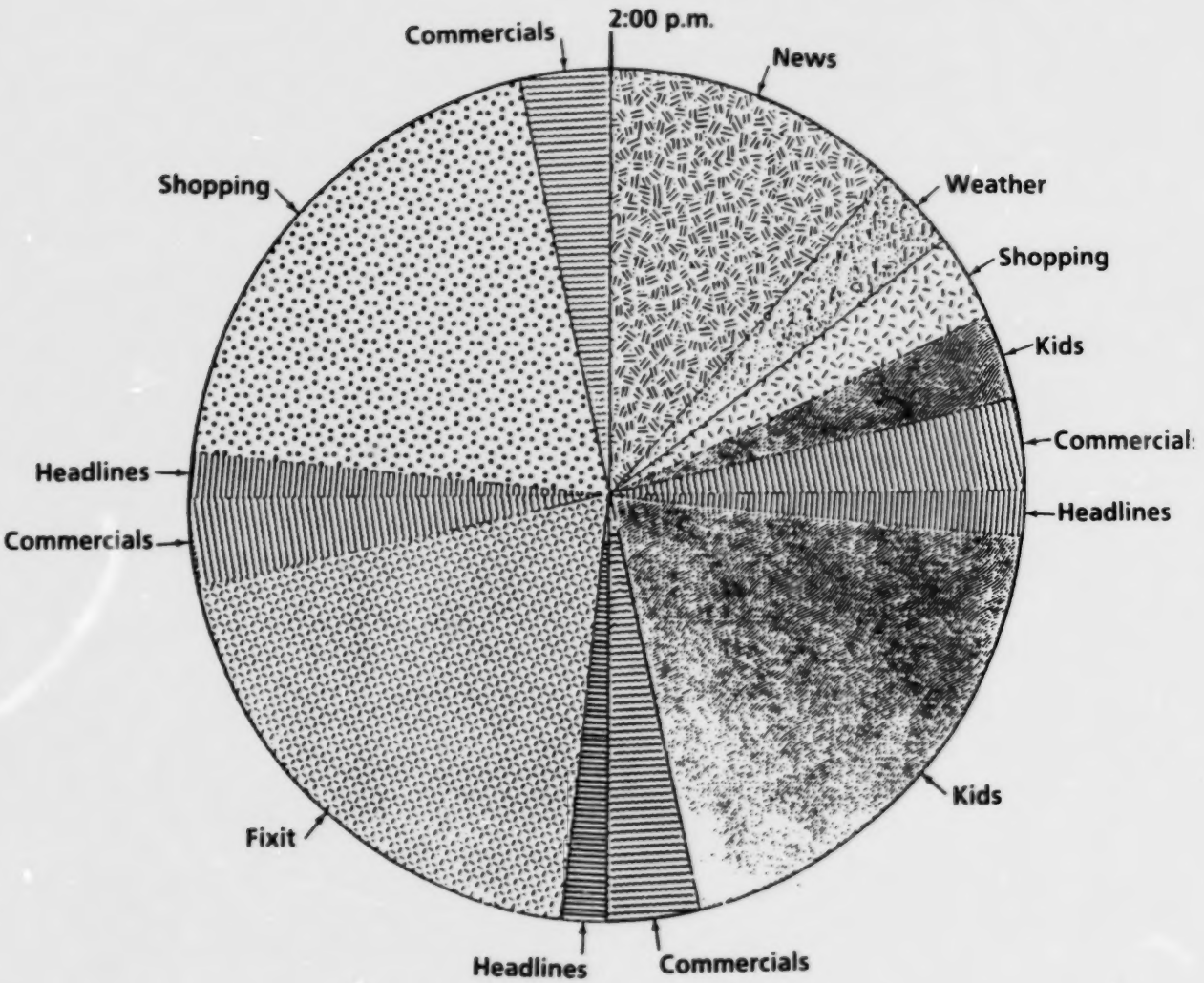
At 1:00 p.m., the information channel will present a full news and current affairs hour, a program with some similarities to MIDDAY. KEEPING UP will consist of a ten-minute newscast, followed by fifty minutes of hosted current affairs.

It will be a forward-looking program, not a recap of yesterday's news, featuring topical interviews and using the network's remote facilities. Regular contributions will provide items and columns on medicine, health, consumer issues, law, business, the media, the arts and life-styles. A weekly forum-type discussion produced in the regions will highlight the concerns of particular parts of the country on the major issues.

The program will also consist of edited items from the network's and the regions' primary current affairs programs, such as the fifth estate, LAND AND SEA, PACIFIC REPORT, MARKET PLACE, and COUNTRY CANADA.

HOMETIME — 2:00 p.m. to 3:00 p.m.

A one-hour program
made up of News, Weather,
Features on Children, Shopping
Information, etc.



HOMETIME - 2:00 p.m. to 3:00 p.m.

The hour from 2:00 to 3:00 will present another field of relevant information for the viewer. Here the concerns will focus on coping with the home and external environment, children, shopping, cars, appliances, etc. The hour will begin with another major newscast, but this one would be slanted towards the latest in technology, consumer reports and child rearing.

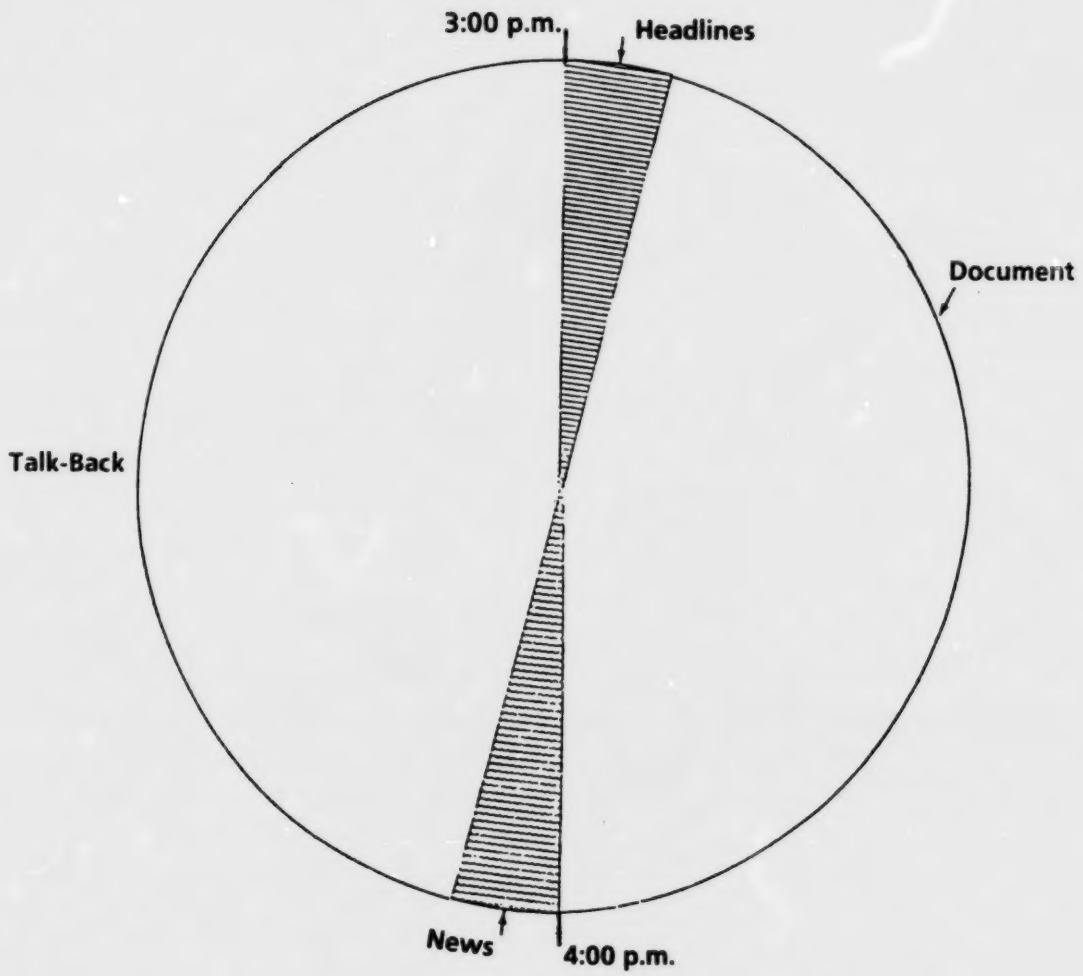
After commercials and headlines, the programming will continue with a 12-minute block on children. News items, interviews with child specialists, interviews with children and educators may all be included.

A break for commercials and programming will resume with another round of headlines followed by a 12-minute segment on repairs and maintenance. A fixit-type person will preside over the program, responding to viewer questions and offering useful hints on how to put a washer in a faucet, how to check spark plugs, or how to put an electrical plug on the end of a wire.

The final segment before 3:00 will be made up of headlines followed by a feature on shopping. This might include items about food -- what's around, what's fresh, what's new -- along with a quick cooking and nutrition segment. The hour will also include crop and market reports designed to background viewers on market forces and help them to become more effective consumers.

DOCUMENT/TALKBACK — 3:00 p.m. to 5:00 p.m.

A two-hour program block of documentaries and/or in-depth interviews



DOCUMENT - 3:00 p.m. to 4:00 p.m.

After brief news headlines, this hour will be devoted to the presentation of a full-length documentary program. This may range from a program produced within CBC and already aired on its main network service, to an NFB or Canadian independent production, or a documentary from some foreign source. Choices will be made on the basis of quality and relevance to the interests of a Canadian audience. On occasion, this segment may feature more controversial material which may form the background of TALKBACK, the segment which immediately follows DOCUMENT.

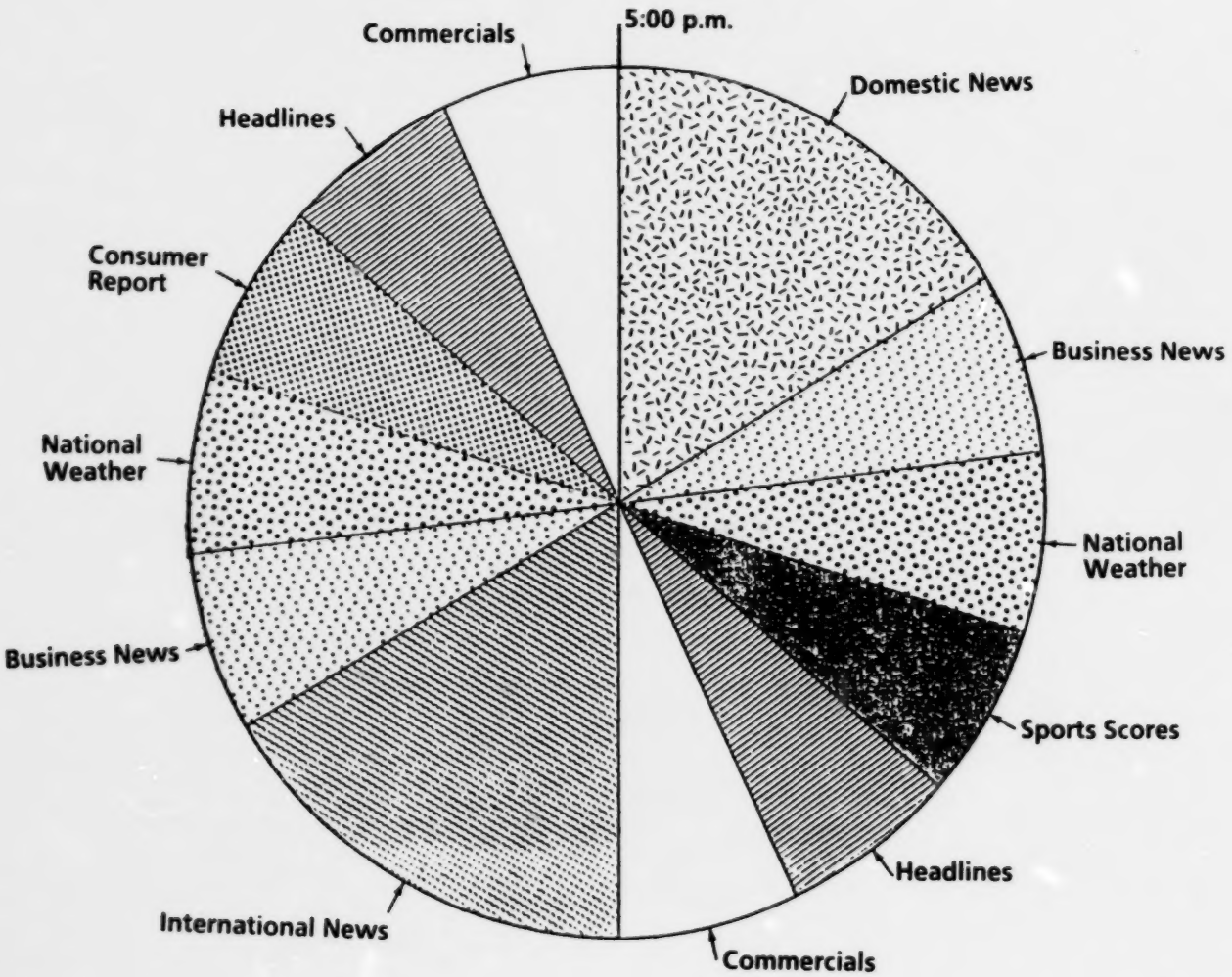
TALKBACK - 4:00 p.m. to 5:00 p.m.

TALKBACK is basically a phone-in program, built around a guest or guests in a studio setting and a host/moderator who will deal with questions and comments from viewers.

The format is intentionally designed to leave room for flexibility in a number of directions. Where the DOCUMENT program is a controversial one, it, or the issue it deals with, can become the subject of TALKBACK with the guest being someone associated with the production of the film. Where the film has been partisan, a proponent of the other point of view may represent that viewpoint. Finally, because the two programs cover two hours, on occasion the service would be able to broadcast a documentary which exceeds one hour in length.

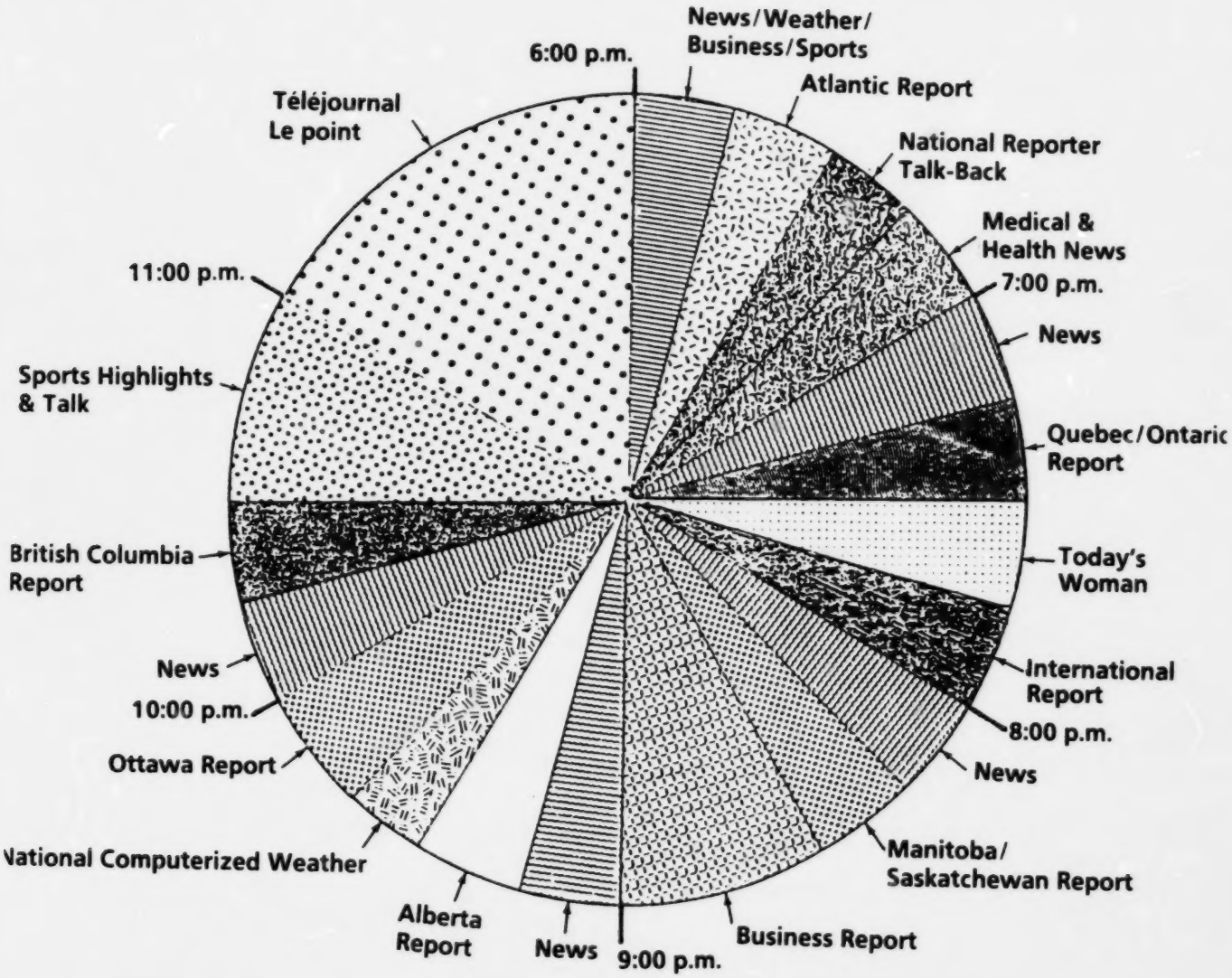
EVENING HEADLINES — 5:00 p.m. to 6:00 p.m.

A one-hour program made up of news, weather, business, sports and consumer items with a heavy emphasis on national and international news



THIS COUNTRY IN THE EVENING — 6:00 p.m. to 12:00 p.m.

6 hours



EVENING HEADLINES - 5:00 p.m. to 6:00 p.m.

At five o'clock, the News and Information channel will feature a comprehensive newscast. Items will be gathered through CBC's syndication service, giving Canadians the first major look at what has happened that day. This newscast will also include a weather report, and a business section, again with a complete account of the day's significant happenings. This news program will be a much-valued alternative for Canadians just home from work, of for those looking for something other than the American sitcoms and game shows scheduled by most broadcasters at this time.

THIS COUNTRY IN THE EVENING - 6:00 p.m. to 11:00 p.m.

THIS COUNTRY IN THE EVENING is a five hour program format, followed at 11:00 p.m. by a subtitled repeat of TELEJOURNAL and LE POINT. This significant prime-time programming block is designed to ensure that information about Canada and particularly about the regions of Canada is offered in week-night prime-time.

Of special significance are comprehensive reports from each region, beginning with the Atlantic Report in the 6:00 p.m. hour and continuing in each subsequent hour to move across the country. These reports will be produced and anchored in the regions at CBC's regional stations. This Country in the Evening will be their regularly scheduled opportunity to put across directly to the whole country the stories and issues which are most important to them.

Interleaved with these major segments will be sector and specialized interest program segments dealing with, for example, medicine and science, women's issues, money and business reports, a summary from Ottawa on the day's issues and events, and sports highlights and background stories.

WEEKENDS

The general approach of adapting program style and scheduling to the availability of material, likely audience composition, activities in the home at any given time of day and the television choice available from other services, will be carried through into the news and information channel's formats for Saturdays and Sundays.

Given the usually more limited amount of hard news, weekend news segments will tend to be shorter and to occur a little less frequently than on weekdays. However, maintenance of a headline service, at least on the hour, is a priority.

The focus for the weekend will be on long-form progams, including summaries of the week's developments in a variety of subject areas.

The news and information channel is also free to provide a useful alternative to live sports programs while they are being shown on other services. When the main CBC network is providing HOCKEY NIGHT IN CANADA on Saturday evenings, for example, the information channel may deal with science and medicine, arts and entertainment, or show documentary material.

Another future of weekend programming on the news channel -- one which increases viewer alternatives while at the same time being cost-effective -- is the intended repeat airing of certain major CBC network and regional information programs. NATURE OF THINGS, the fifth estate, MARKET PLACE, COUNTRY CANADA, LAND AND SEA, and VENTURE, are all candidates for a same-week second window.

On Sunday mornings, when many Canadian stations schedule paid time religious programming, the news and information channel will be able to provide a meaningful alternative by airing a different kind of programming dealing with religious faith and the human spirit. Programs such as MAN ALIVE and MEETING PLACE will be included, but in addition there will be discussion, interaction through the use of telephones, and a representation of religious programming from other parts of the world.

Many other schedule ingredients are contemplated including tentatively;

THE PRESS: what the papers said ... and did.

BOX OFFICE: the popular entertainment scene.

BUSINESS HOUR: reports and discussions on business and finance.

FROM OUR OWN CORRESPONDENT: CBC reporters bring us up to date on stories behind the news.

PEOPLE: the best interviews from the weekday JUST LOOK.

A WEEK IN POLITICS...: not just what happened, but why.

SCIENTIFIC CANADIAN: weekly magaine on science, medicine.

WORLD WIDE: documentary journalism from broadcast organizations around the world.

WHAT YOU THINK: viewer opinion, on phone, videotape

SPORTS PIG-OUT: a wrap-up of visual highlights of everything that happened in sports over the weekend.

COUNTRY WEEK: what happened in agriculture and resources news.

3.0 STRUCTURE AND MANAGEMENT

In order to maximize the benefits to the Canadian public which will result from the proposed service being developed within CBC, management and operation of the new service must be integrated into the CBC structure at the most appropriate and effective level.

It is the CBC's intention to ensure that the new service will exhibit the same world class levels of program quality and maintain the high journalistic standards which characterize existing CBC television journalism programming. It is also vitally important that the proposed service have smooth and easy access to the program material already produced by CBC Television News and Current Affairs, network and regional, as well as to the staff already employed by CBC in these program areas who will be called upon to assist and contribute.

Accordingly, it has been determined that the proposed service should be run by an experienced senior manager who will report, as the Chief News Editor and Head of Current Affairs already do, to the Director of Television News and Current Affairs. This will have the effect of placing the new service firmly in the journalism line.

The role of news and information channel personnel will be to operate and maintain the editorial and production machine which produces original programs and program elements. They will draw material from many CBC sources including network and regional reporters and correspondents. They will be responsible for packaging the material and presenting it to the audience in a continuous stream.

In that sense, the operation will bear some slight resemblance to a manufacturing plant which operates day in, day out, through three or four shifts, on a 24-hour basis. Consequently, the organizational and operating structure will, in large measure, be divided into teams in keeping with the production flow and the shifts worked.

As is now done with the existing CBC News and Current Affairs departments, it will be our aim to keep the number of managers to an absolute minimum and try to put every dollar possible into creative effort and directly onto the screen. Accordingly, the teams will be led by producers who will each be responsible for their own piece of the program schedule or the program day.

Some overlap of working days will be inevitable for the staff. For example, early stages of reviewing incoming copy and pictures, followed by some writing and editing of items will be done, or already underway, by the time the anchors on that particular shift can begin work. Scheduling will have to be carried out in such a way as to ensure that technical crews and journalists alike are able to break for a meal during the course of their shifts.

Each producer will head a team -- anchors, writers, technicians, production or script assistants and director -- on an on-going basis.

Larger teams will be assigned to those times of day leading up to and during the most production-intensive sections of the schedule day. Smaller teams will be used in those periods of the day when viewing levels are expected to be lower and when the level of repeat material is comparatively high.

DAYBREAK, for example, would be one of the periods of most intensive activity. The post-midnight period would, by contrast, be a time when things would be much quieter, staffing levels somewhat lower, and when some pre-packaging and even pre-taping of program material for later use would be accomplished.

Dealings between the new channel and the staff already working for CBC News and Current Affairs would occur much as they now do between existing departments. THE JOURNAL uses News correspondents at times for its documentaries. MIDDAY, another Current Affairs program, uses News department national reporters for debriefs about stories which they have been covering. If a journalist is in the field doing a long-form documentary for THE JOURNAL and major news breaks in that vicinity, THE NATIONAL will contact the journalist and a news item will result. Similar cooperative efforts already exist among the Corporation's various radio and television services. Additional correspondents engaged by the service will be bilingual, whenever possible.

An important fact to note when reviewing the staffing of this service is that it will offer young journalists new opportunities to break into television as well as giving some of the experienced television journalists the chance to develop their careers without having to leave Canada.

The total staff complement in the first year of operation will be 187 persons.

The addition of 72 employees during the five-year period will bring staff to the level necessary to produce and present the full program service shown in the previous chapter.

The following is a listing of staff by classification:

Staff	Year 1
Programming	
Producers	16
Anchors/Hosts	18
Directors	9
Production Assistants	9
Line-up Editors	6
Writers	13
Editors	9
Researchers	4
Program Assistants	13
News Manager	1
Clerk/Typist	1
	99
Technical	
Supervisors	3
Technicians	65
	68
Total Programming	167
Engineering	
Manager	1
Clerk/Typist	1
Supervisors	2
Maintenance Technicians	6
Total Engineering	10

Sales & Traffic	
Sales Manager	1
Traffic Manager	1
Traffic Clerks	2
Clerk/Typist	1
Total Sales & Traffic	5
Promotion	
Promotion Manager	1
Clerk/Typists	1
Total Promotion	2
General & Occupancy	
Administrative Manager	1
Financial Manager	1
Clerk/Typists	2
Total Administration	4
Total Staff	187

4.0 AUDIENCES

There is simply no doubt that an audience exists for Canadian news and information programming.

As the Federal Task Force on Broadcasting Policy noted in its recent report, Canadians are "insatiable" consumers of news programming. But it is not just news from any source that Canadian audiences turn to when they wish to be informed. It is, specifically, news from Canadian sources that they turn to first, and in overwhelming numbers.

As the Task Force noted, some 56% of the news an English-speaking Canadian viewer has access to is foreign. Only 44% comes from Canadian stations. Yet despite this imbalance, when it comes to viewing, 90% of the news and information programs Canadian audiences choose to view is Canadian.

Certainly the audiences to CBC news and information programs lend credence to the notion that a Canadian news and information service would provide a product which would be watched and valued by a significant number of Canadians.

The public's positive reaction to CBC information programs is clearly evidenced by the success story of THE NATIONAL and THE JOURNAL. Moved out of the 11 p.m. time slot which was regarded as the traditional (and safe) broadcast preserve for national newscasts, and into a 10:00 p.m. slot which pitted it squarely against the toughest of foreign entertainment programming competition, THE NATIONAL/JOURNAL package now attracts more regular Canadian news and public affairs

viewers than ever. In 1981, the last full year in which THE NATIONAL was broadcast at 11 p.m., the average quarter-hour audience to it was 1.2 million. With the switch to 10 p.m. THE NATIONAL's average audience jumped to 1.8 million, since climbing to a high of 1.9 million.

The largest audience ever attained by the CBC NATIONAL NEWS at 11 p.m. was 2.5 million on the October 1970 night when Quebec Cabinet Minister Pierre Laporte's body was found. THE NATIONAL at 10 p.m. has exceeded an audience of 2.7 million four times and has had entire weeks where the average audience for five days was 2.5 million viewers.

THE JOURNAL is another CBC success story with audiences increasing from 1.5 million in its first full season of broadcast in 1982-1983 to well over 1.6 million last season despite ever increasing program choices. Larger audiences to the fifth estate (up to 1.6 million last season), as well as to SUNDAY REPORT, VENTURE and MIDDAY, all in only their second broadcast season, further show Canadians' affinity for CBC public affairs programs.

THE NATURE OF THINGS and MARKET PLACE regularly achieve audiences of 1.3 million and MAN ALIVE is now watched by a million or more Canadians every week.

THE MAKING OF TEARS ARE NOT ENOUGH documentary headed the list last season with 2.4 million viewers. Other documentaries by Academy and Emmy award winning CBC producers like John Zaritsky, John Kastner and Donald Brittain had earlier topped the 2 million mark. In the 1984-1985 season David Suzuki's challenging science series A PLANET FOR THE TAKING drew an average audience of 1.76 million over eight occasions.

Regionally, CBC news programming also draws significant audiences. In fact, the audience to CBC regional news programming has been growing steadily, with an increase from barely 1 million viewers five years ago to 1.35 million viewers in the past season.

The figures contained in this chapter make it clear that there are sizeable audiences who are keen to view Canadian news and information programming whenever it is broadcast. The problem is that there are entire periods of the broadcast day when no such programming is available to those audiences.

Once CANADA AM concludes its morning broadcast, there is a three-hour period where no news or information programming is provided by Canadian television stations. Audiences must wait until noon for MIDDAY and the noon hour news programs broadcast by certain individual stations. Once these mid-day news and information packages conclude at 1 p.m. audiences are left unserved for a further five hours before the majority of supper hour news programs are available to them. While some limited amount of information programming is provided by some networks and stations after 7 p.m. the next newscast isn't until 10 p.m. when THE NATIONAL makes its appearance, unless this happens to be one of the 60 or more days per year when pre-emptions force THE NATIONAL to move to a later broadcast time. Finally, there is no Canadian television news and information programming available from any Canadian source between midnight and 6:30 a.m., despite the fact that much of the world is awake, and news is being made.

By contrast, the foreign news services of CNN, brought into more than 500,000 Canadian homes by cable, are continually available. Canadians wanting news can have access to these services at any time and get some current news, but it is American news, American guests, even American weather information.

The CBC's news and information channel would redress this obvious imbalance by providing a Canadian news and information service every single hour of the day.

5.0 MARKETING

As the previous section has clearly demonstrated, Canadians are voracious consumers of quality Canadian news and information television programming. As a consequence of the impact of the information age, the consumers' appetite for information programming has grown, and become more sophisticated and varied over time.

In the United States, the Cable News Network and affiliated Headline News Network have been created to address the needs of American consumers. Together, these two services now have a combined reach of 40% of American cable households. Although they are distributed in Canada only on a discretionary basis, they now reach in excess of half a million Canadian households as well.

The clearly demonstrated preference of Canadians for news and information from Canadian sources were important factors in the Corporation's decision to file this present application with the Commission.

The proposed Canadian news and information network will utilize many of the trusted and familiar names and faces of CBC news and information programming, giving it a style comparable to the best aspects of the CBC main service. The Corporation believes that given the prevailing high regard for Canadian programming of this type, and for CBC information programming in particular, this will be a major strength of the new service.

The Corporation believes that the marketing of the news and information channel will require careful focus to maximize the perceived value and to generate advertising revenues sufficient to provide the high quality service this application envisages.

The three major marketing thrusts we envisage will be directed at:

1) cable television systems which will be expected to distribute the service;

2) cable subscribers who will have access to the service; and

3) advertisers whose financial support will be crucial to the service.

5.1 CABLE TELEVISION SYSTEMS

The cable television community in Canada has, on a number of occasions, expressed concern with the impact the mandatory carriage of a number of new Canadian specialty broadcasting services may have on the financial operation and distribution system of many of its members. Consequently, CBC will need to assure operators that the new service need not be an

arbitrary burden to them. The CBC is seeking industry agreement to an initial pass-through fee of 25 cents per subscribing household, per month, (for a minimum of 4.9 million households) to finance the service. At the same time, the Corporation supports the position of the cable industry that direct costs attributable to the distribution of specialty services should somehow be recoverable by participating cable television operators.

AUDIENCE PROMOTION

The Corporation's marketing staff in Toronto will prepare a precise advertising and promotion plan for the introduction and ongoing operation of the news and information channel with budgets appropriate to that promotion.

The major thrust of the Corporation's campaign to attract an audience to its news & information channel will be to raise their awareness of the fact that a new and specialized programming service of particular appeal to them is available.

Audience universe estimates included in this application suggest that initially the proposed service will be available to approximately 89% of cable households in Canada. Some 11% of cable households, the majority of which are in smaller, more remote and francophone communities may have some early difficulty in distributing the service because of lack of channel capacity, receive and distribution equipment requirements, etc.

Consequently, the Corporation will target much of its initial advertising and promotional activities in larger population centres.

Audience awareness will of course be raised both at the time the application is made public and during the course of the public hearing of the application. That awareness will have to be rekindled and expanded some eight to ten months later when the service is ready to begin operation.
The Corporation believes this can be done through cross-promotion on the Corporation's own radio and television networks and through the judicious use of supplementary promotion in other media from time to time.

ADVERTISING

The nature of a news and information specialty service is such that it is not expected to attract large average quarter-hour audiences. Cumulative audiences are what sustain this type of service.

We are convinced that the program content will prove valuable to the public and that, with broad cable distribution, the service will be viewed in a large number of Canadian cable households.

The attraction for national advertisers will be the reach and frequency of commercial buys. The proposed average spot rates in the models submitted are quite low, but advertising revenue goals can be attained with the correct "reach and frequency" plans. Advertisers will be offered a package of

spots that will rotate throughout the day and throughout the week so that the advertising message will reach as many households as possible.

This initial approach to marketing will be reviewed from time to time as ratings information becomes available, and will be modified if and when a different method is deemed preferable.

Average "spot rates" projected in response to the Commission's question 6.3(a) and found elsewhere in this application indicate that a variety of plans can be developed to suit available advertising budgets.

6.0 DISTRIBUTION

We have considered a number of options to distribute the proposed news and information channel, including the distribution of the service using conventional technologies. We have concluded, however, that the only practical and cost-efficient means of distributing the proposed service is via satellite to cable. The options available on this basis are described in Appendix A to this application.

There is no question that there is sufficient satellite capacity available in Canada to implement the proposed all-news service. However, as we have pointed out in the material found in the appendix, this capacity may not necessarily be available on either of the two preferred satellites: Anik C3 and Anik D1.

The Corporation's obvious preference is for a transponder located on a satellite which Canada's cable television operators are already equipped to receive and redistribute. This would minimize the capital investment required of them as they prepare to carry the new service. Such widespread availability would also increase the connected subscriber base, thus helping the service to achieve projected revenues more rapidly.

Consequently, for the moment, for coverage and cost reasons, our preferred option is the Anik D series satellite rather than the Anik C satellite, and we therefore propose to use the Anik D2 satellite as our primary distribution vehicle for the news service. However, we will also continue to evaluate several Anik D1/Anik D2 traffic rearrangement scenarios with an eye to the possibility of locating the news service on the popular Anik D1 satellite.

Finally, we are aware of discussions and negotiations which are currently going on and which are aimed at rationalizing the distribution of television services by satellite in Canada. The Corporation would welcome the opportunity to enter into a consultation progress with both other users and with the Commission, aimed at resolving present or anticipated distribution problems.

6.1 MEETING THE SPECIAL DISTRIBUTION NEEDS OF AN ALL-NEWS SERVICE

A news and information service operation has a requirement for two distinct distribution elements.

i) Transmission-Distribution: the element of transmitting the packaged news service to the general public

ii) Gathering-Distribution: the element of gathering news events to one or more central points for program packaging.

In today's news environment, it is satellite technology tied to news bureaus, production centers and ENG crews which has substantially improved the timeliness of news programs. In fact, THE JOURNAL's success as well as the huge lead CBC's NATIONAL NEWS now has over its competition, can in part be traced directly to the intelligent journalistic application of the new satellite gathering capability.

i) Transmission Distribution

The specific costs directly attributable to the satellite delivery portion of the news service are approximately $195,000 per annum for uplink local loop facilities with the annual rental costs for a C-band Anik D type transponder estimated at $1,406,000 in the first year, increasing to $1,490,000 by the fifth year of operation.

Although only one uplink facility will be employed initially to deliver (transmit) the television signal, it is anticipated that a multiple cross-Canada uplinking source operation, somewhat similar to the Corporation's existing network operation, will be implemented as revenues become available. This type of operation will allow, indeed encourage, CBC's maximum use of production centers across Canada, and enhance the program gathering function so essential to any comprehensive Canadian news and information service.

ii) Gathering-Distribution

A gathering system consists of a combination of interrelated production elements such as ENG crews, national and international wire and television news services, syndicated satellite news programs, dedicated satellite channels and uplinks, occasional use transponders and uplinks, and mobile or transportable uplinks.

A successful news service is dependent on an efficient program material gathering system which can supply a central news operation with relevant and timely information for packaging into a comprehensive news program for either live or delayed insertion. The CBC truly intends to make use of its existing gathering network of landlines, wire services, uplinks and satellite transponders, to gather and consolidate information necessary for a 24-hour news service. However, we know that CBC's existing gathering system cannot, at all times, simultaneously supply both the news and information service and the program requirement of its' principal networks.

Initially, the news service will be delivered by a single uplink. In the future, multiple uplinks will make it possible to transmit certain programs directly to the satellite from other production centres, thus optimizing production center usage and minimizing gathering costs.

Over the licence term we therefore propose to augment the gathering network facilities by adding dedicated uplinks in areas which could at present, because of lack of facilities, be considered information flow bottlenecks, such as Edmonton, Ottawa and Yellowknife. This will be done by renting occasional-use transponders and uplinks from Telesat, as needed, by leasing occasional-use landlines from common carriers, and by constructing satellite receiving facilities to gather national and international news wire services. In addition, and depending on traffic flows, the News Channel may consider the purchase of additional dedicated KU and JC band transponder space to accomodate its gathering needs.

CBC will also review the need for satellite uplinks in major northern centers including Yellowknife, Iqaluit and Whitehorse. Such uplinks could, if established, enhance the news channel's access to Canadian events of national and northern interest. They could also improve access and add to the immediacy of events of particular regional relevance for the CBC's Northern Service and area native broadcasters. The Corporation may also review its needs for uplinking services from the Eastern Arctic with an eye to sharing uplink costs with the existing native broadcaster (Inuit Broadcasting Corporation) in the area. It should be noted however, that CBC believes such expenditures would only be possible, given the Corporation's present financial circumstances, through the additional revenues that would be generated by the new service as it is proposed in this application.

7.0 FINANCIAL INFORMATION

Financial Considerations and Projections

The Corporation has based the creation and introduction of its news and information service on the principle that no additional financial burden will be placed upon existing CBC operations. The news and information service must be separate and self-supporting from the outset, with advertising and subscriber revenues sufficient to cover operating expenses.

We estimate that the first year operating expenses of the new service will be $19.2 million. First year net advertising revenue is projected to be $4.4 million , so that subscriber revenue must total $14.8 million for the service to be self-supporting.

CBC expects that the service can reasonably attract cable systems representing 4.9 million subscribers*, which will allow the service to be offered at a subscriber charge of 25 cents per month. From the date of licensing to the launch of the service CBC will aggressively pursue distribution arrangements with Canadian cable systems to ensure the maximum reach for the new service. However, should the service be purchased by fewer systems, with the consequence there are fewer subscribers, then the monthly charge will have to be higher to provide the revenue needed to cover projected operating expenses. On this basis, a subscriber base of 4.9 million would result in a 25 cent monthly charge, 4.5 million would require 27 cents monthly, 4 million would require 31 cents, etc.

* This number represents most English-language based systems and some French-language systems with a significant audience for English-language news.

Revenue

Revenue and audience projections are described elsewhere in this application. Throughout the five-year period, subscriber fees represent the largest revenue source. These fees are particularly critical in the first few years of operation, and they are essential to the ability of the proposed service to be self-sustaining throughout the five-year period.

Audience rating projections were made after studying the experiences of U.S. specialty services, particularly Cable Network News (CNN). Unlike CNN, this service builds on an existing news reputation. As a result, somewhat better ratings have been projected for the first year or two of operations than was experienced by CNN.

Five year revenue projections show spot rates that are low but that are in keeping with audience projections. The service will therefore be able to offer advertisers a variety of commercial packages to suit their advertising targets. As audiences grow, the package plans will be reviewed and, as appropriate, revised to ensure that revenues are maximized.

Expenses

The CBC has already in place a large news and information gathering force through its whole regional and national news and current affairs operations. Additional whole program material is available from regional and network public affairs programs.

The operating costs of a Canadian news and information channel would be much higher if the service did not have the significant newsgathering resources of the CBC at its disposal.

With these valuable resources available to this new service, operations will be targeted on packaging, programming and transmission (via satellite). In addition to news programs, programming activities will be focussed on the production of information segments as outlined in the programming section of this application.

The obvious benefit is that expenses related to news-gathering for the new service can be kept to a minimum. On this basis, it has been possible to plan a first class news service and information, strongly Canadian and stressing reflection of Canada's regions to the whole country, at costs in line with projected revenues, even though estimates of CNN's annual operating costs by comparison exceed one hundred million U.S. dollars.

Expense details for the news and information channel are found on the following pages, as well as the major assumptions used in developing them.

Provision has tentatively been made for housing the operation in a location separate from CBC's existing news operations. In order to maintain the advantage of the complementary function of these operations, it would be necessary if we proceed on that basis to establish an "electronic highway" between the two locations. The Corporation is however also examining its utilization of existing facilities to determine if it may be possible to accommodate this service or parts of it in existing premises.

Schedule of Major Assumptions

Question 6.6

1. Advertising and subscription revenue assumptions are detailed in the following pages (in $000's).

   - Advertising revenues are based on scheduling a maximum of 8 commercial minutes per hour.

   - Selling costs are calculated at 10% of advertising revenues (net of agency commission).

   - Subscriber revenues are calculated at 25¢ per month applied to the total projected cable household number in year one. This rate would gradually increase to 35¢ by year five. For comparison it may be useful to note that the charge to a U.S. cable subscriber for the CNN service is 28 cents U.S., which equals 35 cents Canadian. Alternative revenue projections based on a smaller cable universe, are described on page 49.

2. Salary and benefit costs have been calculated in accordance with current Corporation wage scales and benefit policies which have been adjusted to 1987 levels.

3. All other costs are based on current operational experience.

4. Selected expenses for years 2 through 5 have been generally inflated at 3% per annum except for satellite transponder costs which have been inflated at 5.5%.

AUDIENCE AND REVENUE PROJECTIONS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOTAL CABLE H.H. (MILLIONS)	4.93	5.14	5.38	5.58	5.79
RATING POINTS	0.6	0.7	0.7	0.8	0.9
AVERAGE H.H. AUDIENCE (000'S)	30	36	38	45	73
AVERAGE AUDIENCE - PERSONS 18+ (000'S)	41	50	53	62	73
COST PER THOUSAND VIEWERS ($)	3.00	3.00	3.25	3.50	3.50
AVERAGE SPOT RATE ($)	124.24	151.12	171.35	218.74	255.34
SELLOUT RATE (%)	33	40	47	53	55
SPOTS SOLD	46253	56064	65875	74285	77088
GROSS ADVERTISING REVENUE ($000)	5746	8472	11288	16249	19684
LESS AGENCY COMMISSION ($000)	862	1271	1693	2437	2953
	4884	7201	9595	13811	16731
SELLING COSTS ($000)	488	720	959	1381	1673
NET ADVERTISING REVENUE ($000)	4396	6481	8635	12430	15058
SUBSCRIBER REVENUE ($000)	14790	16962	19368	21762	24318
($000)	19186	23443	28003	34192	39376

DETAILED STATEMENT OF EXPENSES
($000'S)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROGRAM COSTS					
SALARIES & BENEFITS	6170	8034	9612	9900	10197
BOOKS & PUBLICATIONS	8	8	8	9	9
COMPUTER	75	77	80	82	84
TAPE SUPPLIES	200	206	212	219	225
PRINTING & STATIONARY	100	103	106	109	113
PROGRAM ELEMENTS	940	1305	1817	1872	1928
NEWS SERVICES	671	1103	1159	1205	1253
MISCELLANEOUS	10	10	11	11	11
TRAVEL	83	216	222	229	236
PROGRAM/GATHERING	2220	2571	2968	3995	4209
TELEPHONE & TELEX	250	258	265	273	281
	10727	13891	16461	17903	18546
TECHNICAL EXPENSES					
SALARIES & BENEFITS	4255	4749	5783	5957	6135
BOOKS & PUBLICATIONS	5	5	5	5	6
FREIGHT & CUSTOMS	20	21	21	22	23
MISCELLANEOUS	5	5	5	5	6
SATELLITE (TRANSMISSION)	1762	1850	1943	2041	2145
PRINTING & STATIONARY	10	10	11	11	11
TRAVEL	5	5	5	5	6
TECHNIAL SUPPLIES	200	206	212	219	225
	6262	6851	7986	8266	8556

DETAILED STATEMENT OF EXPENSES
($000'S)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROMOTION EXPENSES					
SALARIES & BENEFITS	104	108	112	115	118
ADVERTISING & PROMOTION	250	258	600	618	637
BOOKS & PUBLICATIONS	2	2	2	2	2
MISCELLANEOUS	5	5	5	5	6
PRINTING & STATIONARY	10	10	11	11	11
RATINGS, RESEARCH	0	0	300	309	318
	371	384	1030	1061	1092
SALES & TRAFFIC EXPENSES					
SALARIES & BENEFITS	247	265	273	281	290
BOOKS & PUBLICATIONS	4	4	4	4	5
PRINTING & STATIONARY	40	41	42	44	45
MISCELLANEOUS	10	10	11	11	11
TRAVEL	10	10	11	11	11
	311	331	341	351	362

DETAILED STATEMENT OF EXPENSES
($000'S)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
GENERAL & OCCUPANCY EXPENSES					
SALARIES & BENEFITS	165	175	319	328	338
BOOKS & PUBLICATIONS	2	2	2	2	2
COMPUTER	25	26	27	27	28
JANITORIAL	75	77	80	82	84
LIGHT, HEAT & POWER	200	260	270	281	292
MISCELLANEOUS	20	21	21	22	23
POSTAGE & COURIER	60	62	64	66	68
PREMISES	200	312	324	337	350
TELEPHONE & TELEX	20	21	21	22	23
TRAVEL	7	7	7	8	8
PRINTING & STATIONARY	40	41	42	44	45
	814	1003	1177	1218	1260
AMORTIZATION - PRE-OPERATING EXPENSES					
SALARIES & BENEFITS	586	586	586	586	586
ADVERTISING & PROMOTION	20	20	20	20	20
BOOKS & PUBLICATIONS	1	1	1	1	1
COMPUTER	5	5	5	5	5
FREIGHT & CUSTOMS	2	2	2	2	2

DETAILED STATEMENT OF EXPENSES
($000'S)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
AMORTIZATION - PRE-OPERATING EXPENSES					
SALARIES & BENEFITS	586	586	586	586	586
ADVERTISING & PROMOTION	20	20	20	20	20
BOOKS & PUBLICATIONS	1	1	1	1	1
COMPUTER	5	5	5	5	5
FREIGHT & CUSTOMS	2	2	2	2	2
JANITORIAL	4	4	4	4	4
LIGHT, HEAT & POWER	10	10	10	10	10
MISCELLANEOUS	2	2	2	2	2
POSTAGE & COURIER	2	2	2	2	2
PREMISES	14	14	14	14	14
PROGRAM ELEMENTS	10	10	10	10	10
PRINTING & STATIONARY	8	8	8	8	8
TECHNICAL SUPPLIES	4	4	4	4	4
TAPE SUPPLIES	8	8	8	8	8
TELEPHONE & TELEX	10	10	10	10	10
TRAVEL	10	10	10	10	10
	696	696	696	696	696

ALL NEWS CHANNEL

STATEMENT OF INCOME AND EXPENSES
($000'S)

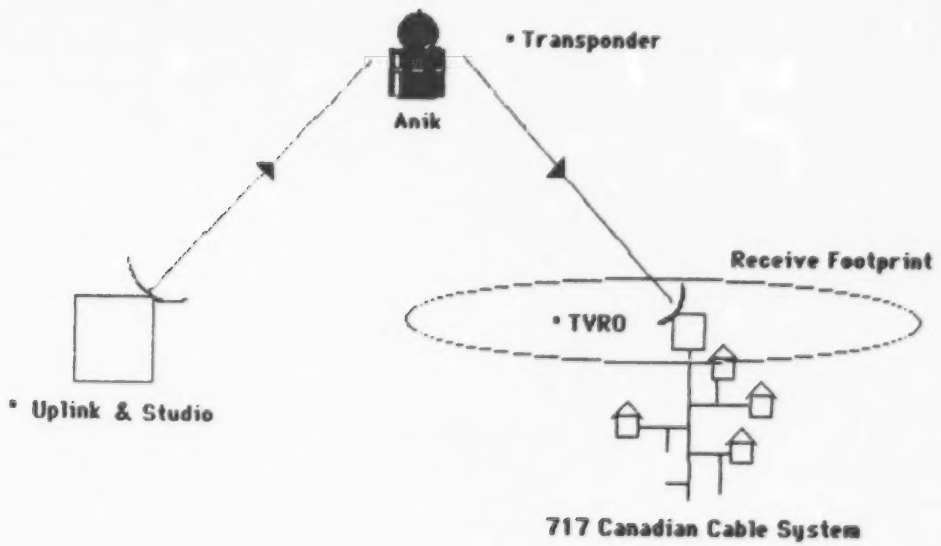
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
REVENUE:					
NET ADVERTISING REVENUE	4396	6481	8635	12430	15058
SUBSCRIBER REVENUES	14790	16962	19368	21762	24318
TOTAL REVENUES	19186	23443	28003	34192	39376
EXPENSES:					
PROGRAMMING	10727	13891	16461	17903	18546
TECHNICAL	6262	6851	7986	8266	8556
SALES	311	331	341	351	362
PROMOTION	371	384	1030	1061	1092
ADMINISTRATION	814	1003	1177	1218	1260
PRE-OPERATING	696	696	696	697	697
TOTAL EXPENSES	19181	23157	27691	29496	30513
EXCESS OF REVENUE OVER EXPENSES	5	287	313	4697	8863

APPENDIX A

DISTRIBUTION ALTERNATIVES, OPTIONS AND CONSIDERATIONS

In the Canadian broadcasting environment, there are in effect four principal network distribution alternatives available to the CBC to implement an effective and relatively easily accessible all-news program channel.

All distribution options considered for this new broadcast initiative are based on available "satellite to cable" delivery technologies.



All-Canadian News Channel Distribution Options

The major options are the following:

1) Anik D1 Satellite to Cable Network
2) Anik B/D2 Satellite to Cable Network
3) Anik C3 Satellite to Cable Network
4) Anik C2 Satellite to Cable Network

Of these four combinations of satellites, two have been very popular with broadcast networks, pay television and cable industry operators while the other two satellite systems have mainly been used for occasional-use television pickups as well as for the carriage of telephone and data traffic.

1) THE ANIK D1 OPTION

General

At the moment, this is the most popular and highly used satellite in the Canadian space arc; this satellite forms the backbone of CBC's distribution and gathering network operations.

In a broadcast sense, this satellite could well be rated the third or fourth most active in the North American arc of satellites. It is the direct descendent of Canada's (Telesat) first commercial satellite Anik A1.

CBC's Parliamentary broadcast services, the eight Cancom stations, Global, TSN and Much Music can also be found on this satellite.

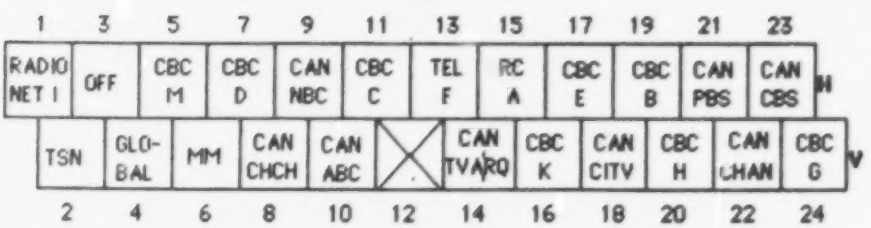
ANIK D1 (104.5°W)

(6/4 GHZ)

TRANSPONDER LAYOUT

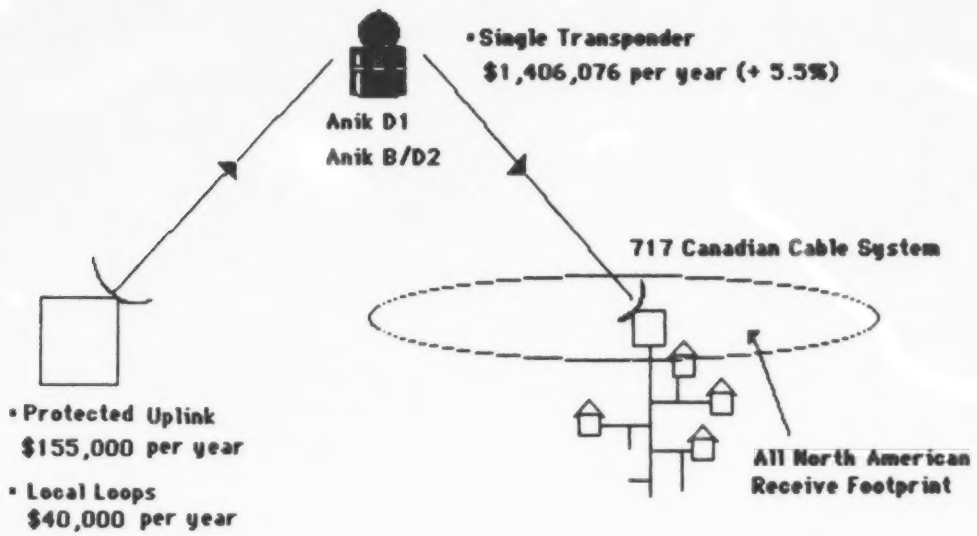
&

USAGE



It should also be noted that the predicted transponder capacity available near end of life for an Anik D series satellite is estimated at some 20 or 24 channels.

Estimated annual distribution costs for the operational "superstation styled" broadcast network on the Anik D1 satellite are best illustrated in the following drawing:



The Anik D series of satellites delivers a downlink footprint which encompasses the majority of the North American continent with any broadcast signal it carries covering all of Canada and the continental United States with an acceptable quality signal at all times.

2) THE ANIK B/D2 OPTION

General

The Anik B and D2 satellites are two distinct satellites. However the Anik B satellite is near the end of its useful life and will be replaced by the larger and newer Anik D2 satellite in November 1986.

At the moment, Telesat Canada is in the process of taking Anik D2 out of orbital storage and will transfer services from Anik B. Services on this satellite consist mainly of occasional broadcast, data and telephone traffic users.

Annual distribution costs for an operational "superstation styled" broadcast network on the Anik B/D2 complement of satellites would be the same as those estimated for the Anik D1 satellite, these costs are re-iterated in the drawing.

Considerations

The Anik D series of satellites delivers a downlink footprint which encompasses the majority of the North American continent.

The use of the Anik B/D2 satellite for a full-time "satellite to cable" broadcast network would place the operator at an initial disadvantage during the early years of its operation mainly due to the lack of satellite receive antennas at cable headends which are trained onto these satellites. In fact, it can be estimated that the majority of cable operators in Canada are not equipped with satellite earth station receivers beyond the two or three dishes that they most probably have now to bring in the pay and specialty services allowed by the CRTC cable regulations.

Cable operators would have to be given some sort of enticement to construct facilities that may cost from $25,000 to $50,000 per system to install in order to guarantee the reception of the proposed all-Canadian news channel if located on Anik B/D2. Even for those cable operators that are equipped with wide angle receive antennae, necessary modifications could run well over $10,000 per headend.

3) THE ANIK C3 OPTION

General

Anik C3 is definitely the second most popular satellite in the Canadian space arc and has become the satellite of choice for many of Canada's educational, regional and specialty broadcast services.

In the last few months, many new services have been proposed for this satellite and many operators have taken so many

options for channels that spare capacity in the eastern footprint beam has become non-existent. Capacity in the western footprint beam does still exist.

Pay television network operators such as Superchannel/First Choice, Life, and Musique, as well as regional network operators such as La Sette, Quatre Saisons, and the Atlantic Satellite Network are all positioned on this satellite in conjunction with provincial educational broadcast authorities such as BC's Knowledge Network, Alberta's ACCESS, Radio-Québec and TVOntario's English and proposed French and Legislative broadcast networks.

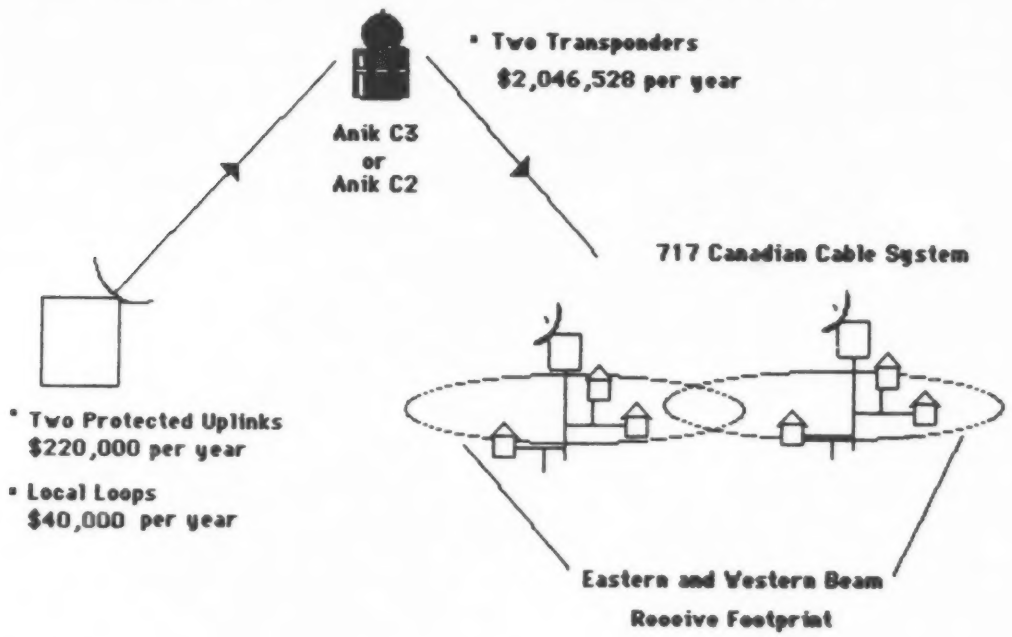
It should also be noted that this satellite also carries a channel (T17) of telephony traffic to offshore areas of Canada's Atlantic region. It was necessary for Telesat to position this traffic on Anik C3 rather than Anik C2 due to the problem of satellite look angle in this area of Canada.

The Anik C series of satellites offers the user a choice of half-Canada or quarter-Canada footprint beams encompassing large areas of Canada and the Northern United States.

The most popular footprint with broadcasters is the half-Canada beam since there are no financial and only a small signal quality advantage (and only at beam edges at that) to a quarter-Canada footprint choice over half-Canada.

The western footprint encompasses all the western provinces (B.C., Alberta, Saskatchewan, Manitoba), a portion of North-Western Ontario and about half the Yukon and western North West Territories while the eastern footprint covers the Atlantic provinces, Quebec, Ontario, a large segment of Manitoba and a small portion of the province of Saskatchewan.

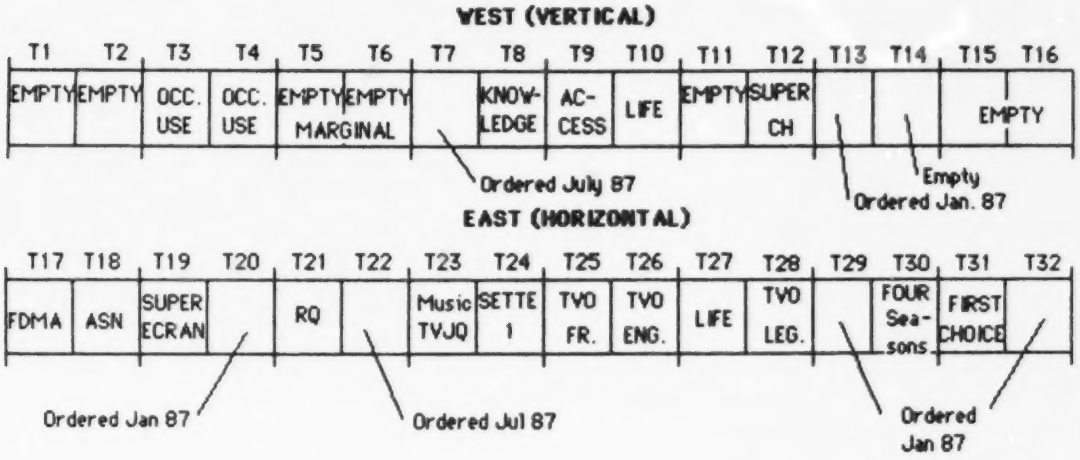
An estimate of annual distribution costs for the operational "superstation styled" broadcast network on the Anik C3 satellite consisting of two half- Canada beam channels, one covering the western portion of Canada the other the eastern portion, can best be illustrated in the following drawing:



ANIK C3 (117.5°W)

(14/12 GHZ)

TRANSPONDER LAYOUT & USAGE


WEST (VERTICAL)
T1 T2 T3 T4 T5 T6 T7 T8 T9 T10 T11 T12 T13 T14 T15 T16
EMPTY EMPTY OCC. USE OCC. USE EMPTY MARGINAL EMPTY KNOW-LEDGE AC-CESS LIFE EMPTY SUPER CH EMPTY
Ordered July 87
Empty
Ordered Jan. 87
EAST (HORIZONTAL)
T17 T18 T19 T20 T21 T22 T23 T24 T25 T26 T27 T28 T29 T30 T31 T32
FDMA ASN SUPER ECRAN RQ Music TVJQ SETTE 1 TVO FR. TVO ENG. LIFE TVO LEG. FOUR Sea-sons FIRST CHOICE
Ordered Jan 87
Ordered Jul 87
Ordered Jan 87

Considerations

The primary concern with the use of the Anik C3 satellite is the availability of channel capacity in the eastern beam. Although not all the channels are in service or for that matter leased by anyone, Telesat has several outstanding quotes in the hands of potential customers who may not necessarily exercise their options. CBC may have to wait in line for all options on such quotes to expire prior to being able to contract an Anik C3 channel.

Further, as all cost estimates for satellite transponders are based on the lowest cost type service known as "Unprotected, Preemptible", one additional concern is the gamble of channel pre-emption that could occur in the event of failure of another transponder contracted with a higher priority status (at additional cost) since this would be the last channel most probably leased in the eastern beam of Anik C3 and this in itself would give it a much lower status.

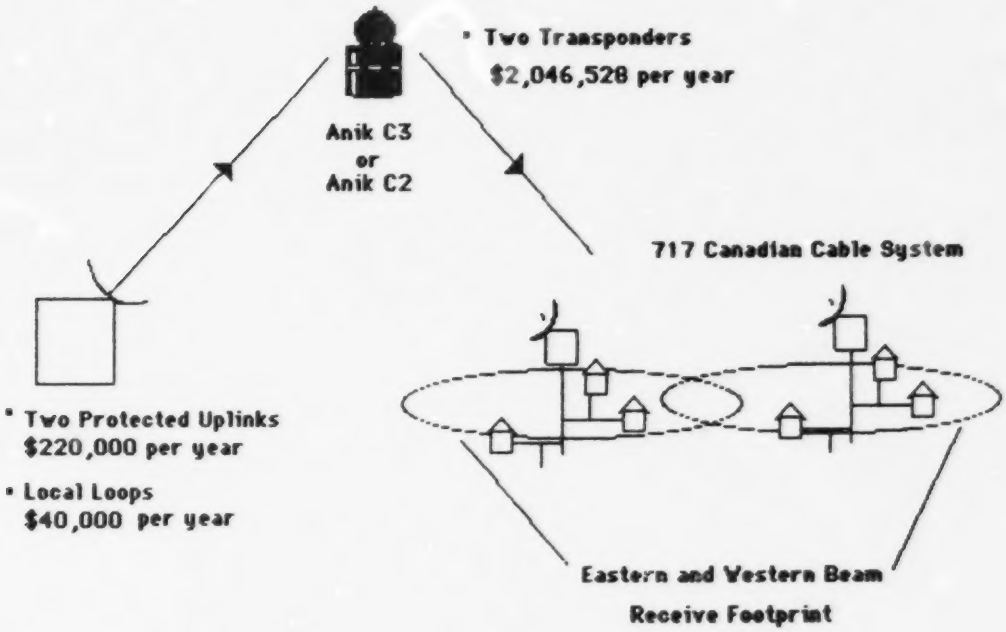
4) THE ANIK C2 OPTION

General

Traffic presently existing on this satellite consists mainly of occasional broadcast, data and telephony services.

Anik C2, similarly to Anik C3, offers a choice of half-Canada or quarter- Canada footprint beams encompassing large areas of Canada and the Northern United States with coverage as detailed for the Anik C3 satellite.

Estimates of annual distribution costs for an operational "superstation styled" broadcast network on the Anik C2 satellite would be the same as previously estimated for the Anik C3 satellite, these costs are again stated in the following drawing:



Considerations

Use of the Anik C2 satellite for a full-time "satellite to cable" broadcast network would, similar to the Anik D2 satellite option, place the operator at an initial disadvantage during the early years of its operation due to the lack of satellite receive facilities at cable headends which are trained onto this satellite. It is estimated that the majority of cable operators in Canada are not equipped with satellite earth station receivers beyond the two or three dishes that they now have to receive pay and specialty services.

Cable operators might require some sort of encouragement to build facilities that may cost from $25,000 to $50,000 per system to construct. Even for those cable operators lucky enough to own wide angle receive antennae, necessary modifications could run well over $10,000 per headend.